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Reagan tries to regain command with NSC purge

Firm action praised, but some are dismayed he was so ill-informed

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Washington

The Reagan administration, already under attack and deeply divided over arms shipments to Iran, is facing a new firestorm of criticism over revelations that money from the secret arms deal was handed over to Nicaraguan resistance leaders.

Claiming that "I was not fully informed" about all aspects of the shipments, President Reagan told a hastily arranged news conference yesterday that an internal investigation has raised "serious questions of propriety" involving senior members of his own administration.

He announced the resignation of his national-security adviser, Adm. John Poindexter, and another senior National Security Council official, Lt. Col. Oliver North.

The moves were the latest in a series of maneuvers to cope with the most serious political crisis of the Reagan administration.

At issue are not only President Reagan's own personal credibility but, more important, the ability of the President to control foreign policy during the final two years of his presidency.

The resignations came after a probe by Attorney General Edwin Meese – conducted at the President's request over the weekend – revealed that proceeds from US arms sales to Iran were transferred to numbered Swiss bank accounts controlled by leaders of the armed resistance to Nicaragua's Sandinista government.

Mr. Meese disclosed that between $10 million and $30 million was diverted for use by leaders of the contras, in possible violation of US law.

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Meese also confirmed publicly for the first time that Israel had played a key role in the arms transfers, raising new questions about US policy in the Middle East and the President's credibility.

Still, the President insisted that the policy of selling arms to Iran was "well founded."

The revelations added a new layer of controversy to an already beleaguered administration, raising questions about the President's ability to govern during the last two years of his administration.

Also left unclear is the status of Secretary of State George Shultz, who has distanced himself from the Iran initiative. Meese, while stressing that the firing of Shultz was not under consideration, called on all members of the administration to stand "shoulder to shoulder" with the President.

No matter what the upshot of this controversy, the Reagan administration is facing a serious credibility problem that could complicate the conduct of future US foreign policy, especially in the Middle East and Central America. Relations with America's European allies and the Soviet Union will also be affected as the administration struggles to explain its actions in Iran.

Meese said an investigation was continuing to determine whether US law had been violated, not only in the arms trafficking with Iran but also the transfer of funds to the contras.

A recently-expired US law barred US intelligence agencies - including the National Security Council - from supporting military operations in Nicaragua.

Meese indicated, however, that Colonel North had arranged for part of the payments by Iran to be funnelled to the contras to underwrite their six-year insurgency.

A number of congressional committees are now investigating whether the NSC was swapping arms-for-hostages with Iran. Those investigations will now be widened to focus on the funds diverted to the contras.

Congress is also expected to take a close look at the functions of the NSC. The council has been accused of going beyond its advisory role and conducting foreign-policy operations independently of the State Department and Central Intelligence Agency (CIA).

Meese said he would apoint a special panel to review the role of the National Security Council in American foreign policy.

In yesterday's press conference, Meese said the CIA had acted as a conduit to reimburse the US government for the arms sold to Iran. But Meese said the agency played no part in diverting proceeds of the arms sale to the contras.

The Meese disclosures, along with the resignations of Poindexter and North, were intended to mark the beginning of the White House's reassertion of control of US foreign policy.

But they could have the opposite effect, raising even more questions about how how foreign policy has been formulated and executed by the Reagan White House.

"There's an awful lot we don't know about the inner workings of this administration," said a former senior State Department official.

Even some Reagan administration officials might share that view.

In particular Secretary of State Shultz, who reportedly advised against the Iran operation at an early stage, insists he was kept only "sporadically" informed about the operation.

Initially his doubts appeared to have been vindicated. But in recent days Shultz has come under fire for refusing to close ranks with the President.

Now however, the President is also claiming that he was kept in the dark about the channeling of Iranian arms dollars to the contras. The simple reason, said Meese, was that "somebody didn't tell him."

Still, Meese insisted that neither the administration nor the foreign policy it has formulated is in disarray.

"I think the administration has already demonstrated its credibility by the full disclosure of the facts," said Meese.

"I think there's no question [but that] the Cabinet is functioning right now," he said. "I know of no other resignations that are either contemplated or requested."

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